

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE

OTIS & CO.
STATISTICAL LIBRARY

APR 5 - 1929
NOT TO BE TAKEN AWAY

INTERNATIONAL SHOE CO.

MANUFACTURERS

1501-1509 Washington Avenue

St. Louis, Mo.

NOVEMBER 30, 1928

BOARDS
q884.33
In3r

OFFICERS

JACKSON JOHNSON	. . . .	Chairman of the Board
F. C. RAND	. . . .	President
W. H. MOULTON	. . . .	Vice President
HORTON WATKINS	. . . .	Vice President
J. T. PETTUS	. . . .	Vice President
THEODORE MORENO	. . . .	Vice President
A. W. JOHNSON	. . . .	Vice President
EDWIN H. PETERS	. . . .	Vice President
P. B. JAMISON	. . . .	Vice President
C. D. P. HAMILTON	. . . .	Vice President
F. A. SUDHOLT	. . . .	Treasurer
B. A. GRAY	. . . .	Secretary and Auditor
W. N. SITTON	. . . .	Asst. Treasurer

DIRECTORS

C. H. FIELDER	EDWIN H. PETERS
B. A. GRAY	OLIVER F. PETERS
H. R. GREEN	J. T. PETTUS
FRED HUME	F. C. RAND
H. S. JAMISON	J. O. RAND
P. B. JAMISON	CARLOS REESE
H. E. JENKINS	W. L. SHAW
A. W. JOHNSON	W. N. SITTON
JACKSON JOHNSON	F. A. SUDHOLT
W. P. MASON	S. M. TIPTON
THEODORE MORENO	GRIFFIN WATKINS
W. H. MOULTON	HORTON WATKINS

NOV 27 - 22 1115 HG

December 29th, 1928.

TO OUR STOCKHOLDERS:

Financial report showing the results of the International Shoe Company's operation for the fiscal year ended November 30th, 1928, is enclosed herewith.

The Company's net sales to customers for the fiscal year ended November 30th, 1928, were \$122,694,532.01. Our subsidiary plants (tanneries of sole leather and upper leather; factories making all leather counters, heels and soles, rubber heels and soles, welting, box toes, cartons and containers, chemicals, cements, etc.) produced during 1928, shoe materials and shoe supplies amounting to \$78,927,505.09 which, combined with our sales, made an aggregate of \$201,622,037.10 business transacted.

Net earnings (after taxes) for the fiscal year were \$15,761,775.93.

Hide and leather prices have shown some declines during the year, and these have been reflected in our inventories—which represent sound values.

Lower hide and leather prices have enabled us to make lower shoe prices so that your Company is giving to its large number of loyal customers not only better shoe values but also the assurance that the International Shoe Company is awake to changing conditions and responsive to market fluctuations.

During 1928 the Chicago Branch began its operations. The new split tannery at Wood River, Illinois has been completed and is operating. The side leather tannery at Wood River is nearing completion and will be ready for occupancy within the near future. These two large additions at Wood River will make that tannery group one of the largest and most modernly equipped units in the United States.

The cotton mill at Malvern, Arkansas is practically finished. Here our linings will be made—we expect to have cotton going through the mill during January.

Our subsidiary plants continue their increasing helpfulness to our shoe factories—they furnish materials of superior and uniform quality at costs below those that can be reached in the open market.

Last year (1927) was one of steady advances, from which came some appreciation in earnings for which management was not responsible. This year's declines in merchandise values have shown some depreciation, which has been fully met in the attached financial statement. After making adjustment of these reverse conditions, the Company's operations for this year show earnings that compare favorably with any previous year.

The many advantages enjoyed by our Company in the production and distribution of footwear are reflected in a new line of samples now in the hands of our salesmen for their work immediately after the holidays.

Your officers and directors believe in the sound principles on which we have operated successfully—they bring confidence and courage in approaching the problems of 1929 and the years to come.

Respectfully submitted,

INTERNATIONAL SHOE COMPANY.

Jackie Schuren Frank O. Rand

President.

Chairman of the Board.

INTERNATIONAL

CONSOLIDATED

As at November 30, 1925

ASSETS

CURRENT ASSETS:

Cash in Banks and on Hand.....	\$	5,399,428.15	
Brokers Collateral Loans, secured by Listed Marketable Securities.....			13,000,000.00
Accounts Receivable:			
Customers, less Reserve for Discounts and Doubtful Accounts.....	\$	19,829,470.60	
Salesmen's Traveling Advances and Sundry Accounts.....		152,994.33	
Notes Receivable.....		75,709.00	20,058,173.93
Inventories:			
Manufactured Merchandise.....		12,745,576.89	
Raw Materials, Merchandise in Process, and Supplies		22,437,158.42	35,182,735.31
TOTAL CURRENT ASSETS.....			73,640,337.39
Employees Notes Receivable (under Installment Plan for Purchase of Stock), secured by 539 shares of Preferred and 95,814 shares of Common Stock.....			2,706,674.88
Expenses Paid in Advance—Insurance Premiums, Taxes, and Other Deferred Charges to Operations.....			310,383.20
Investments in Stocks and Bonds of Other Companies.....			202,983.62
Physical Properties at Tanneries, Shoe Factories, Supply Departments, and Sales Branches (Based on Appraisal as of April 30, 1925, plus subsequent Additions at Cost):			
Land and Water Rights.....		1,775,597.46	
Buildings and Structures.....		21,126,204.14	
Machinery and Equipment.....		16,654,538.51	
Lasts, Patterns, and Dies		1.00	
TOTAL.....		39,556,341.11	
Less—Reserve for Depreciation.....		12,446,757.60	
Net Depreciated Sound Value of Physical Properties.....			27,109,583.51
TOTAL.....			\$103,969,962.60

SHOE COMPANY

BALANCE SHEET

er 30, 1928

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable for Merchandise, Expenses, and Payrolls.....	\$ 2,680,074.14
Officers and Employees Balances and Deposits.....	392,512.21
TOTAL.....	<u>3,072,586.35</u>
Reserve for Income and Other Taxes.....	2,215,000.00
TOTAL CURRENT LIABILITIES.....	<u>5,287,586.35</u>
Reserve for Dividends on Preferred Stock.....	50,000.00
Insurance Reserves.....	306,680.28

CAPITAL STOCK:

Preferred—6% Cumulative:

Authorized 250,000 shares of \$100.00 each, whereof Outstanding—	
100,000 shares.....	\$ 10,000,000.00

Common Stock:

Authorized 4,000,000 shares without nominal or par value, whereof Issued and Outstanding—	
3,760,000 shares.....	<u>88,325,695.97</u>
TOTAL CAPITAL STOCK.....	<u>98,325,695.97</u>

Contingent Liabilities—None.

TOTAL.....	<u><u>\$103,969,962.60</u></u>
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INTERNATIONAL SHOE COMPANY

INCOME ACCOUNT

For the year ended November 30, 1928

Net Sales of Shoes and Other Manufactured Merchandise, after deduction of Returns and Allowances for Prepayments.....	\$122,694,532.01
Cost of Shoes and Merchandise Sold, after charging Operating Expenses, Depreciation (\$1,306,662.99), and Maintenance of Physical Properties; Selling, Administrative and Warehouse Expenses, and Credit Losses—Less Discounts on Purchases and Other Miscellaneous Earnings.....	104,702,273.23
GROSS EARNINGS.....	17,992,258.78
Interest Charges on Notes Payable.....	19,053.15
NET EARNINGS.....	17,973,205.63
Provision for Income Taxes.....	2,211,429.70
NET INCOME FOR YEAR.....	<u><u>\$ 15,761,775.93</u></u>

COMMON STOCK CAPITAL ACCOUNT

(INCLUDING UNDISTRIBUTED EARNINGS)

Net Income for year ended November 30, 1928.....	\$ 15,761,775.93
Deduct Dividends Paid:	
Preferred Stock—\$6.00 per share.....	\$ 600,000.00
Common Stock—\$2.00 per share.....	7,520,000.00
	<u>8,120,000.00</u>
Excess of Net Income over Dividends.....	7,641,775.93
Equity of Common Stockholders at November 30, 1927, against which 3,760,000 shares without nominal or par value were outstanding.....	80,683,920.04
Equity of Common Stockholders (3,760,000 shares) at November 30, 1928.....	<u><u>\$ 88,325,695.97</u></u>

PEAT, MARWICK, MITCHELL & Co.
ACCOUNTANTS AND AUDITORS

CERTIFICATE OF AUDITORS

ST. LOUIS, Mo., December 22, 1928.

We have audited the books and accounts of the International Shoe Company and Subsidiaries, for the year ended November 30, 1928, and certify that the accompanying Balance Sheet and Income Account have been prepared therefrom and, in our opinion, correctly present the financial position of the Company at November 30, 1928, and the results of its operations for the year then ended.

The cash and bank balances, and notes and securities owned have been verified by count or inspection or by certificates obtained from the depositories. We have satisfied ourselves that adequate provision has been made for doubtful accounts and notes receivable.

The quantities and valuation of the inventories of manufactured merchandise, raw materials and supplies, prepared by the Companies, have been certified to be correct by responsible officials. We have satisfied ourselves that the valuation was made on the basis of cost or market price, whichever was the lower.

All ascertained liabilities have been included in the accounts.

The physical properties are stated in accordance with the sound value thereof as determined by the American Appraisal Company as at April 30, 1925, plus subsequent additions at cost and after deduction of depreciation. Adequate charges against operations of the year under review have been made in respect of depreciation and maintenance of physical properties.

PEAT, MARWICK, MITCHELL & CO.

SALES BRANCHES

ST. LOUIS

Roberts, Johnson & Rand
Peters
Friedman-Shelby
Continental Shoemakers
Midvale Shoe Co.
Pennant Shoe Co.

NEW YORK

Morse & Rogers

BOSTON

Hutchinson-Winch

CHICAGO

International-Chicago Shoe Co.

MANCHESTER, N. H.

Great Northern Shoe Co.
Interstate Shoe Co.

SHOE FACTORIES AND SUPPLY DEPARTMENTS

MISSOURI

St. Louis
Hickory St. & Mississippi Ave.
Broadway, Cherokee St. & Lemp Ave.
St. Louis & Jefferson Aves.
Thirteenth & Mullanphy Sts.
Twelfth & North Market Sts.
Jefferson Ave. & Madison St.
Glasgow Ave. & North Market St.
3417 Locust St.
1324 Washington Ave.
Bland
Cape Girardeau
Chamois
De Soto
Hannibal
Seventh & Collier Sts.
S. W. Cor. Maple Ave. & Collier St.
S. E. Cor. Maple Ave. & Collier St.
Hermann
Higginsville
Jackson
Jefferson City
Bolivar & McCarty Sts.
Main & Linn Sts.
Kirksville
Marshall
Mexico
Perryville
St. Charles
St. Clair
Sikeston
Sullivan
Sweet Springs
Washington

ILLINOIS

Belleville
Chester
Evansville
Flora
Jerseyville
Mt. Vernon
Olney
Pittsfield
Springfield
Steeleville

NEW HAMPSHIRE

Claremont
Keene
Manchester
Central Plant
Cohas Factory
Eastside Factory
Derryfield Factory
Merrimack
Nashua
Newport

KENTUCKY

Paducah

ARKANSAS

Malvern

TANNERIES

ILLINOIS

South Wood River

MISSOURI

St. Louis
Thirteenth & Mullanphy Sts.

NEW HAMPSHIRE

Manchester

NORTH CAROLINA

Morganton
North Wilkesboro

PENNSYLVANIA

Mt. Jewett
Philadelphia
St. Marys